

11 April 2013

International Tax Reform Working Group, Ways and Means Committee
Re. support for Residency-Based Taxation (RBT)

Dear Representatives Nunes and Blumenaur:

We are writing to ask that the International Taxation Committee of the Ways & Means Committee for Tax Reform seriously consider the ACA proposal for reform to Residency-based taxation RBT. See link:

<http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>

Among the nearly 7 million American citizens living, working and voting from abroad, and contributing to the economic growth of the U.S. economy, we believe the current Citizenship based taxation regime must be reformed. Current tax policy is negatively affecting this important sector of American business and its ability to compete for jobs. This policy adversely impacts the growth of the US economy through international business and exports, and the ability of Americans to live overseas which is damaging to individuals and the welfare of our country.

The following are some examples of the fallout on Americans working overseas from current U.S. Citizenship based taxation:

- Inability to relocate and work internationally
- Denial of job opportunities or job advancement
- Refusal of entry into business partnerships
- Closure or denial of financial instruments (pensions, insurance policies, bank accounts, etc.)
- Exposure to double taxation or increased tax burden
- Financially ruinous penalties due to broad application of criminal tax evasion regulations on those making simple filing errors due to complexity of the US tax code.

We have lived in Switzerland since 2001 and although we have not lived in the U.S. for 11 years, we are still required to file and pay for U.S. taxes. We already pay taxes in Switzerland and this is fair because this is where we reside and use services. While there is a tax treaty in place between the U.S. and Switzerland which is supposed to guarantee that we do not pay double the taxes, we have seen our U.S. tax burden rise from \$0 in 2001 to \$8,000 in 2011 based almost solely on the low value of the dollar.

We disagree with the fact that we pay U.S. taxes as non-resident citizens, a policy unlike virtually every other country in the world.

- Non-resident U.S. citizens pay U.S. taxes while U.S. corporations and the wealthiest U.S. citizens evade taxes by basing themselves in international tax havens.
- Per the current tax treaty, our tax burden should be paid in one country and equalized between the two, but because of the exchange rate we end up paying much more. Adjusted for inflation, our real family income today in Swiss Francs is lower than in 2001, yet our U.S. tax burden is significantly greater.

Our children were born in Switzerland and attend local schools here, but consider themselves proud Americans. We maintain strong ties to the U.S., traveling home each year to visit family and friends, but we find that the current situation is becoming unbearable.

We see a disturbing trend within the expatriate community of average-income Americans increasingly renouncing their U.S. citizenship in order: 1) to escape the American government's onerous burden for non-resident citizens to pay taxes and to report bank accounts, and 2) to deal with host countries closing bank accounts and refusing Americans any financial services, actions which directly result from U.S. reporting requirements.

Please seriously consider the RBT proposal submitted by American Citizens Abroad (ACA). A move towards a residence-based system, like the rest of the world, not only would it be simpler and fairer for Americans living abroad, but it would actually bring in MORE tax revenue than the current system, which wastes compliance resources for very little return. RBT would increase United States exports strongly by facilitating American mobility in the global business environment of today's world.

We look forward to hearing from your committee on your progress,

Marjorie (Rorie) Nazareth

Paul Saunders